FILE COPY

SEP 11 1935

IN THE

Supreme Court of the United States

OCTOBER TERM, 1935

No. 114

JUAN POSADAS, JR., Collector of Internal Revenue of the Philippine Islands, *Petitioner,*

vs.

THE NATIONAL CITY BANK OF NEW YORK, *Respondent.*

REPLY BRIEF FOR PETITIONER IN SUPPORT OF PETITION FOR CERTIORARI

WILLIAM CATTRON RIGBY,
Attorney for Petitioner.

SERAFIN P. HILADO,
Solicitor-General of the Philippine Islands,
Of Counsel.

Rufus H. Darby Printing Co., Inc., Washington, D. C.

SUBJECT - INDEX

Page

OPINION OF THE PHILIPPINE SUPREME COURT, now reported in Official Gazette 1

REPLY BRIEF 1-13

I. Respondent attempts to ignore distinction between Philippine Islands and Puerto Rico, in relation to questions here presented 1-2

II. As to Philippine Islands, distinctive purpose of Congress emphasized by second paragraph of section 7 of Philippine Organic Act extending Legislature's power of amendment and repeal, specifically, to all laws relating to taxation in effect in the Philippines 2-3

III. Respondent attempts to ignore significance of Congress' amending Federal Reserve Act, only nine days after enacting Philippine Organic Act, without mentioning the Philippine Islands in amending the Federal Reserve Act 3-5

IV. Provisions of section 1 of the Philippine "Foraker Act" of 1902, directing that R. S. 1891 should not apply to the Philippine Islands was an affirmative declaration of Congressional will that general statutory laws of the United States should not run to those Islands ..... 5; and Footnote, page 12

Therefore National Bank Act never did run to the Philippines 5

V. Situation of Federal Reserve Act analogous in this respect to that of National Bank Act .. 6-8

Never did run to the Philippines 6-7

Emphatically, in any event, never in force there since amendment of section 25 by Act of September 9, 1916, only nine days after enactment of section 5 of the Philippine Organic Act 6-8

Page

VI. Distinctive character of policies of Congress as to Philippines on the one hand and Peurto Rico on the other 9; and Appendix, 15-21

VII. Agree with respondent that these "branch banks" are not taxable at all by the Philippine government, either on their real estate, income or otherwise, *unless* we are right in our position 9-11

A. This is strong argument for correctness of our position. It is not to be presumed that the Congress intended total exemption from local taxation 10-11

B. Respondent attempts no answer to this point in our brief 11

VIII. Respondent attempts no answer to Point IV of our original brief that the Congress by section 6 of the Organic Act expressly ratified the section of the Philippine Administrative Code under which these taxes were imposed 11

IX. Respondent attempts no direct answer to Point V of our original brief that there is no Federal statute authorizing the establishment in the Philippines of branches of United States national banks, and that the respondent's so-called "branches" there are not in any legal sense "branches" of a national bank of the United States, but are carrying on business there under Philippine law; and are in no sense "instrumentalities" of the federal government 11-13

APPENDIX. Opposite Congressional policies with respect to Puerto Rico and the Philippines. Parallel column collation of pertinent facts. 15-21

IN THE

Supreme Court of the United States

OCTOBER TERM, 1935

No. 114

JUAN POSADAS, JR., Collector of Internal Revenue of the Philippine Islands, *Petitioner,*

VS.

THE NATIONAL CITY BANK OF NEW YORK, *Respondent.*

REPLY BRIEF FOR PETITIONER IN SUPPORT OF PETITION FOR CERTIORARI

Since the petition for certiorari and supporting brief were filed, the opinion of the Supreme Court of the Philippine Islands in this case has been reported in the Philippine Official Gazette, in its issue of July 23, 1935, Vol. XXXIII, p. 1706.

I

Respondent's "Memorandum" in opposition seeks to ignore the marked distinction we pointed out [1] between the Philippine Islands on the one hand, and Puerto Rico and the other possessions and Territories of the United States

[1] Petition for certiorari, p. 2, footnote 2, and p. 11; Supporting brief, pp. 14-15, and 19 *et seq.*

on the other hand, in relation to the question here presented. Respondent makes no direct answer to our brief on this point.

II

As to the Philippine Islands, the distinctive purpose of the Congress was emphasized by the insertion of the unusual second paragraph in section 7 of the present Philippine Organic Act of August 29, 1916,[2] by which, after giving the Legislature power "when not inconsistent with this Act, by due enactment" to "amend, alter, modify or repeal, any law, civil or criminal, continued in force by this Act as it may from time to time see fit", it is further expressly provided that:

> "*This power shall specifically extend,* with the limitation herein provided as to the tariff, *to all laws relating to revenue and taxation in effect in the Philippines.*"

That is a most unusual provision in a territorial organic act. No such power is given the Puerto Rican Legislature. The corresponding section of the Puerto Rican Organic Act is section 57 of that Act ("Jones Law" for Puerto Rico, Act of March 2, 1917, c. 145, 39 Stat. 951, 968; 48 U. S. C. 735) containing almost word for word the same power granted the Philippine Legislature by the first paragraph of section 7 of the Philippine Act, "by due enactment to amend, alter, modify, or repeal, any law or ordinance, civil or criminal, continued in force by this Act as it may from time to time see fit", *but without any such power as that given the Philippine Legislature by the second paragraph of section 7 of the Philippine Act* "specifically" extending that Legislature's power over *"all laws relating to revenue and taxation in effect in the Philippines"*.

---

[2] 39 Stat. 545, 547; 48 U. S. Code 1005; quoted on page 4 of the Petition for certiorari.

The omission of that clause from the Puerto Rican Act is very significant. The Philippine Act was approved August 29, 1916. The Puerto Rican Act was passed at the next following "short session" of the same Congress, and approved March 2, 1917. Both acts were introduced by Representative William A. Jones, chairman of the House Insular Affairs Committee, and both are popularly known by his name, the "Jones Law" for the Philippines, and the "Jones Law" for Puerto Rico, respectively.

Thus this broad extension of the powers granted to the Philippine Legislature by the express provision of this second paragraph of section 7 of the Philippine Act to amend or repeal "all laws relating to revenue and taxation in effect in the Philippines", was deliberately omitted from the powers given the Puerto Rican Legislature. That emphasizes the Congressional intention to leave the Philippines free to frame their own systems of revenue and taxation. In view of this provision of section 7 of the Philippine Organic Act, it seems plain that, even if the taxing section of the National Bank Act had ever gone into effect in the Philippines, then, being a "law relating to * * * taxation", it would have been subject to this express provision granting the Philippine Legislature the power to amend or repeal it; which was exercised by the contrary provisions of sections 1499 and 1502 of the Philippine Administrative Code of 1917 (Petition, pp. 6-7) for taxing all banks in the Islands uniformly, under which the taxes here in question were levied.

III

Respondent's "Memorandum" likewise studiously ignores the significant history of the enactment of the Federal Reserve Act and its amendments, to which attention is invited in our original brief,—*that only nine days after the enactment of the "Jones Law", the Organic Act for the Philippine Islands,* with its provision, in section 5, that "the statutory laws of the United States hereafter enacted

shall not apply to the Philippine Islands, except when they specifically so provide, or it is so provided in this Act",[3] *the Congress amended the Federal Reserve Act by inserting "or insular possessions"* after "dependencies" in section 25 of the Act, *without making any reference to the Philippine Islands;* with the resulting necessary inference that, in thus omitting any reference to the Philippine Islands in so amending the Federal Reserve Act only nine days after making its express declaration in section 5 of the Philippine Organic Act that its laws thereafter enacted should not run to the Philippines unless it should itself specifically so direct in any particular case, the Congress must be taken to have intended deliberately to express its will that section 25 of the Federal Reserve Act as thus amended should not run to the Philippines. (*Our original brief,* pp. 31-33, 43-45.)

Respondent chooses to ignore all that, as also that the Congressional intention was emphasized again by the further amendment of section 25 of the Federal Reserve Act three years later, by section 2 of the Act of September 17, 1919 (c. 60, 41 Stat. 285, 286; 12 U. S. C. 601), again pointedly omitting specifically to name the Philippine Islands. (*Our original brief,* p. 32.) And also that the general administrative understanding that section 25 of the Federal Reserve Act, authorizing the establishment of branches of national banks outside of the continental United States, did not run to the Philippine Islands, nor authorize the establishment of any such branch in those Islands, is further indicated by the fact that the Federal Reserve Board never gave any permission at all to establish any such branch in those Islands during all the years following the enactment and amendments of that section of the Act, including the prosperous decade of the 1920's, up until this permission given to this respondent bank to establish two branches in

---

[3] 39 Stat. 545, 547; 48 U. S. Code 1003; quoted, Petition for certiorari, p. 4.

Manila and Cebu, in the year 1930. (R. 42-43; and *original brief*, p. 33.)

Respondent attempts no answer to any of this.

IV

On page 3 of our original brief, under "Statutes", there is quoted the provision in the first section of the "Foraker Act" of July 1, 1902, for the Philippines, that "The provisions of section 1891 of the Revised Statutes of 1878 shall not apply to the Philippine Islands".

This is in reality an affirmative declaration by the Congress of its will that the general statutory laws of the United States which run throughout the Union and which, by section 1891 of the Revised Statutes likewise run generally to all the organized Territories, SHOULD NOT RUN to the Philippine Islands. That is in direct antithesis to the contrary provision in the "Foraker Act" of April 12, 1900, for Puerto Rico that the laws of the United States not locally inapplicable shall run to that island.[4] While this provision of the Philippine Act is in negative form, and is not expressed in as positive language as was afterward done in section 5 of the present Organic Act, yet it expresses the same intent, particularly when taken in connection with the fact that the Congress, in relation to the Philippine Islands, reverted to its habit of the early days of the Nineteenth Century of directing specifically which statutes should run to the Philippine Islands (*our brief*, pp. 14-15, 25-26; and *confer* its Appendix II, pp. 62-66), with the clear implication that other statutes should not run there.

The National Bank Act was a "law of the United States" in existence when the Philippine "Foraker Act" was passed in 1902. The Congress did not choose to direct that it should run there. It follows that it never did take effect in those Islands, and is not in force there.[5]

---

[4] c. 191, sec. 14, 31 Stat. 77, 80.

[5] The only amendments of the taxing section of the Na-

v

The situation as to the Federal Reserve Act not running to the Philippines is wholly analogous to that with relation to the National Bank Act. It is true that the Federal Reserve Act was originally enacted in 1913 before the present Organic Act for the Philippines of August 29, 1916, and that section 25 of the Federal Reserve Act as originally enacted in 1913 (c. 6, 38 Stat. 251, 273; Petition, Appendix I, pp. 55-56), contained a provision authorizing the Federal Reserve Board to permit national banks to establish branches "*in foreign countries or dependencies* of the United States for the furtherance of the foreign commerce of the United States and to act, if required to do so, as fiscal agents of the United States". **But it is also true that (1)** when the Federal Reserve Act was enacted in 1913 there was already in force the provision of the first section of the Foraker Act of 1902 for the Philippines, which was the Organic Act for those Islands in force at that time, containing the provision that section 1891 of the Revised Statutes should not run to the Philippine Islands, thereby clearly expressing the will of the Congress that the statutory laws of the United States should, generally, not run to those Islands; **that (2)** the Federal Reserve Act did not specifically mention the Philippine Islands, and there is nothing either in that Act itself or in any other Act of the Congress, specifically directing that it should run there; **that (3)** the Congress had already six years before that

---

tional Bank Act (R. S. 5219) enacted since 1902 were in 1923 and 1926 respectively (Acts of March 4, 1923, 42 Stat. 1499; and March 25, 1926, 44 Stat. 223; Petition, Appendix I, pp. 54-55), *both passed after the present Philippine Organic Act* of August 29, 1916, and neither of them specifically mentioning the Philippine Islands; *and no amendment of the National Bank Act has ever specifically mentioned those Islands, or extended the Act there;* thus again emphasizing the intention of the Congress that the National Bank Act should not run to those Islands.

time, by the Act of March 4, 1907 (c. 2908, 34 Stat. 1282; Petition, Appendix I, p. 50) provided for the establishment of an official government bank in the Philippines, the Agricultural Bank, and had authorized the Philippine government to guarantee an income of not exceeding 4 per cent upon the capital stock of that bank (afterwards converted into the present Philippine National Bank which is "subrogated to all of the rights, actions and obligations of the Agricultural Bank"; Sec. 6, Act creating the Philippine National Bank, Feb. 4, 1916, and is almost wholly government owned; Petition and supporting brief, pp. 32-33, and Appendix III, 67-68); **and that (4)** no branch of any national bank was ever authorized by the Federal Reserve Board at any time prior to the amendment of Section 25 of the Federal Reserve Act by the Act of September 9, 1916 (or ever at any time, prior to the permit of 1930 to the present respondent bank to establish branches in Manila and Cebu).

It follows that (1) there was in Section 25 of the Federal Reserve Act as originally enacted in 1913, no sufficiently clear expression by the Congress of any specific intent that it should run to the Philippine Islands to take it out of the general rule theretofore established by the Congress by the first section of the Foraker Act then in force as the Organic Act for the Philippines, that the general statutory laws of the United States should not extend to those Islands; **and (2) that** it seems to have been the accepted administrative interpretation of the Act that it did not run there, since the Federal Reserve Board gave no license to establish branches of national banks in those Islands prior to the amendment of Section 25 of the Federal Reserve Act by the Act of September 9, 1916.

Therefore, no such license having ever been actually granted prior to 1916, any possible question that might have been raised before that date as to whether or not, under the original Act of 1913, a Philippine branch of a national bank of the United States might validly have been established prior to the amendment of September 9, 1916,

is wholly academic. It was not in fact done; no national bank attempted to establish a branch in those Islands during that period. By the amendatory act of September 9, 1916, only nine days after the new Organic Act for the Philippines, making the phraseology of Section 25 of the Federal Reserve Act read, in general terms, "dependencies or insular possessions", *without specifically mentioning the Philippine Islands,* the Congress deliberately expressed its will (in connection with the provision of Section 5 of the then new Philippine Organic Act adopted only nine days previously) that that section of the Federal Reserve Act should not run to those Islands.

And did so again, three years afterwards, by the second amendatory act of 1919, again omitting to make any specific reference to those Islands (*supra,* Point III, and our original brief, pp. 31-33). In any event, therefore, Section 25 of the Federal Reserve Act has not been in effect in the Philippines since September 9, 1916; was not in effect there in January 1930 when the Federal Reserve Board gave its license (R. 42-43) purporting to permit this respondent bank to establish branches in Manila and Cebu; has never been in force in those Islands at any time since; and is not in force there now. It follows that the Federal Reserve Board's license of January 23, 1930 (R. 42-43) to the respondent bank was simply void. That the respondent bank's branches in Manila and Cebu are not in any sense statutory branches of a national bank of the United States under the Federal Reserve Act; and that whatever right to existence they may have in the Islands, or to continued toleration there, they owe wholly to Philippine law. They are, therefore, wholly subject to the Philippine laws, and to taxation in accordance with those laws. So far as the validity of the taxes here involved is concerned, their connection with the National City Bank of New York is wholly incidental, and of no legal significance whatever.[6]

---

[6] The opinions of Attorney General Stone and Attorney General Sargent which respondent quotes (34 Ops. Atty. Gen.

VI

The consistent distinction maintained by the Congress in its policies with relation to Puerto Rico on the one hand, and the Philippine Islands on the other hand, and the reasons for the different treatment of those possessions, is emphasized by the collation of pertinent Congressional Acts and Resolutions in parallel columns in the Appendix, *infra*, pp. 15-20, to this Reply Brief.

VII

Respondent (*"Memorandum"* pp. 8-9) *expressly agrees* with what we said (*Petitioner's brief*, pp. 17, 38-39, and 40-41) *that, since the taxing section of the National Bank Act does not run to the Philippine Islands, it necessarily follows that,* **unless we are correct in our position that the Legislature may tax these "branch" banks of the respondent in Manila and Cebu, as it may all other banks in the Islands, under the general legislative and taxing powers given it by the Congress** (including the specific power under the second paragraph of Section 7 of the Organic Act, *supra*, "specifically" extending the Legislature's powers to the amendment, modification or repeal of "all laws re-

---

291; 34 Ops. Atty. Gen. 460, 465-466; cited in respondent's "Memorandum" pp. 4-5) are in no way to the contrary of this. They hold, simply, that the Philippine Islands came under the sovereignty of the United States by the treaty with Spain and are subject to the control of the Congress as a dependency or possession or "territory of the United States" within the meaning of the provision of clause 2 of section 3 of Article IV of the Constitution giving the Congress power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States. Of course the Congress might have extended the National Bank Act, or the Federal Reserve Act, to the Philippines, or might have completely incorporated the Philippines into the Union, as it has done with Hawaii, if it had seen fit to do so. But it did not so choose.

lating to revenue and taxation in effect in the Philippines"), then *the insular government possesses no power whatsoever to tax these "branch" banks in any way at all;* and, that, as the respondent phrases it in its "Memorandum" in opposition (p. 9):

> "It follows that, if Section 5219 does not extend to the Philippines, the real property tax and the income tax, which are not questioned by the respondent, are also void."

A.—That is one of the strongest arguments for the correctness of our position. As pointed out in our original brief (Point III, pp. 34-42), **it is not to be presumed that the Congress intended to permit branch banks to be established in the Philippine Islands wholly exempt from local taxation of any kind.**

As we there said, it is wholly a question of the intention of the Congress, to be gathered from the "four corners" of all the pertinent Congressional legislation, in view of all the circumstances and the established purpose of the Congress with relation to the Philippine peoples and their government. The insular government is an

> "instrumentality established by Congress for the government of the people within its boundaries, with authority to sub-delegate the governmental power to the several municipal corporations therein" (*Farmers Bank* v. *Minnesota,* 232 U. S. 516, 524; quoted by Attorney General Sargent in his opinion to the Secretary of War, April 17, 1925, with relation to the Philippine Islands, 34 Ops. Atty. Gen. 460, 466,—the same opinion cited on pp. 4-5 of respondent's "Memorandum").

It was of course wholly within the power of the Congress to give to, or to withhold from, that "instrumentality" of the Congressional will, the power to tax any banks located within its local jurisdiction. It is unbelievable that the Congress intended wholly to deny it the local taxing power; particularly since the Congress has not seen fit to extend Section 25 of the Federal Reserve Act to those Islands,

and, therefore, any "branches" established there by a national bank of the United States are not, in any possible sense, fiscal agencies or "instrumentalities" of the federal government.

B.—Respondent attempts no answer whatever to this point of our brief, except to say, baldly, (*Respondent's "Memorandum"*, p. 9) that:

> "The issue does not depend, as contended by the petitioner, upon the question whether there is a Federal statute *limiting* the general taxing power of the Philippine government, but as held in the *Domenech* case, upon whether the power to tax the bank has been *granted* to the dependency clearly and explicitly by Act of Congress."

That is simply an attempt by the respondent completely to ignore all that is said in our brief as to the distinction between the Congressional intent with reference to Puerto Rico on the one hand, and with reference to the Philippine Islands on the other hand (*Petitioner's brief,* Point I, pp. 19-33), *and also completely to ignore all that is said in* Point III *of our brief* under the heading *"There is no implied prohibition preventing the Philippine Government from levying these taxes, or collecting them"* (*Petitioner's brief,* pp. 34-42), **without attempting any answer whatever to our arguments.**

VIII

Respondent's "Memorandum" likewise attempts no answer whatever to what is said in Point IV of our brief (pp. 42-43) under the heading *"The Congress, by Section 6 of the present Organic Act for the Philippines expressly ratified the sections of the Philippine Administrative Code under which the taxes here involved were imposed."*

IX

Respondent likewise attempts no direct answer to what is said in Point V of our brief (pp. 43-45) under the head-

ing that "*There is no Federal statute authorizing the establishment of branches of United States national banks in the Philippine Islands*",[7] in connection also with what we said in Point I-1 of our brief (pp. 31-33), wherein, in summing up the result of those Points, we specifically pointed out (brief, p. 44) the necessary conclusion that:

> "Whatever else those so-called "branches" of the National City Bank in the Philippine Islands may really be,—if there is any legal authority whatever for their existence at all,—*they are not really branches of the National City Bank of New York under Section 25 of the Federal Reserve Act or any other act of the United States.* They owe their existence in the Philippine Islands, and their continued tolerance there, wholly to Philippine law. Whether they are to be looked upon as foreign banks within the Islands, or as *de facto* domestic banks of the Islands existing and carrying on business there under Philippine law,—in any event they are not, in any proper sense, "branches" of a national bank of the United States existing under any license from the Federal Reserve Board; since the Board has no power,—and never has had any power,—to license a branch bank in the Philippine Islands";

whence it necessarily follows further, as above pointed out, that these so-called "branches" thus established in those Islands without the authority of any Act of Congress

---

[7] "* * * the provisions of section 1 of the Act of July 1, 1902 (32 Stat. 691), in which Congress specifically withheld from the Philippine Islands the application of Section 1891 of the Revised Statutes, *thus expressing its intention that the laws of the United States should not apply to the Philippines unless the intention to that effect was clearly expressed.* It may also be added that there appears to be nothing in the legislative history of the Narcotic Drugs Import and Export Act" (*Federal Reserve Act; National Bank Act*) "which discloses any specific intention that said laws should apply in the Philippines". (34 Ops. Atty. Gen. 550, 552-553, *re* Narcotic Drugs Act; *our original brief*, p. 29.)

can in no sense be considered fiscal agencies or "instrumentalities" of the Federal government, and can in no way claim to be entitled to the benefit of any possible presumption that the Congress may not have intended a "subordinate government" to tax an "instrumentality" of the federal government.

Respectfully submitted,

WILLIAM CATTRON RIGBY,
Attorney for Petitioner.

SERAFIN P. HILADO,
Solicitor-General of the Philippine Islands,
Of Counsel.

APPENDIX

OPPOSITE CONGRESSIONAL POLICIES WITH RESPECT TO PUERTO RICO ON THE ONE HAND, AND THE PHILIPPINES ON THE OTHER HAND

TREATY OF PEACE WITH SPAIN, signed at Paris December 10, 1898; ratification advised by the Senate, February 6, 1899; proclaimed April 11, 1899.

ARTICLE IX: "* * * The civil rights and political status of the native inhabitants of the territories hereby ceded to the United States shall be determined by the Congress" (30 Stat. 1754, 1759).

CONSTITUTION

ARTICLE IV, Section 3, Clause 2 "The Congress shall have Power to dispose of and make all needful Rules and Regulations respecting the Territories or other Property belonging to the United States."

PHILIPPINES	PUERTO RICO
Senate Resolution upon advising ratification of the Treaty, debated February 6, 1899, passed February 14, 1899 (Cong. Rec. Vol. 32; Part 2, pp. 1479, 1480, 1487, 1846, 1847-1848)	*No corresponding resolution; nothing of that kind.*
"*Resolved by the Senate and House of Representatives of the United States of America in Congress Assembled,* That by the ratification of the treaty of peace with Spain it is not intended to incorporate the inhabitants of the Philippine Islands into citizenship of the United States, nor is it intended to permanently an-	

nex said islands as an integral part of the territory of the United States; but it is the intention of the United States to establish on said islands a government suitable to the wants and conditions of the inhabitants of said islands to prepare them for local self government, and in due time to make such disposition of said islands as will best promote the interests of the citizens of the United States and the inhabitants of said islands."

PHILIPPINES

"Foraker Act", first Organic Act, July 1, 1902 (c. 1369, sec. 1, 32 Stat. 691):

"The provisions of Section 1891 of the Revised Statutes of 1878[8] shall not apply to the Philippine Islands."

[8] Section 1891 of the Revised Statutes is the section extending, generally, "The Constitution and all laws of the United States which are not locally inapplicable" to the Territories.

PUERTO RICO

"Foraker Act", first Organic Act for Puerto Rico, Act of April 12, 1900 (c. 191, sec. 14, 31 Stat. 77, 80):

"The statutory laws of the United States not locally inapplicable, except as hereinbefore or hereinafter otherwise provided, shall have the same force and effect in Porto Rico as in the United States, except the internal-revenue laws."

PHILIPPINES

"Jones Law", the second (present) Organic Act of August 29, 1916 (c. 416, 39 Stat. 545:

PREAMBLE

"Whereas it was never

PUERTO RICO

"Jones Law", the second (present) Organic Act for Puerto Rico, March 2, 1917, c. 145, 39 Stat. 951.

No corresponding provision. Nothing of that kind at all.

the intention of the people of the United States in the incipiency of the War with Spain to make it a war of conquest or for territorial aggrandizement; and

"Whereas it is, as it has always been, the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein; and

"Whereas for the speedy accomplishment of such a purpose it is desirable to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them without, in the meantime, impairing of the rights of sovereignty by the people of the United States in order that, by the use and exercise of popular franchise and governmental powers, they may be better prepared to fully assume the responsibilities and enjoy all the privileges of complete independence."

PHILIPPINES

"Jones Law", Act of August 29, 1916, supra:

"Sec. 2. That all inhabitants of the Philippine Is-

PUERTO RICO

"Jones Law", Act of March 2, 1917, supra:

"Sec. 5. That all citizens of Puerto Rico, * * * and all

lands who were Spanish subjects * * * and their children * * * shall be deemed and held to be citizens of the Philippine Islands, except such as * * *: *Provided*, That the Philippine Legislature * * * is hereby authorized to provide by law for the acquisition of Philippine citizenship * * *.

natives of Puerto Rico who were temporarily absent from that island on April 11, 1899, and have since returned and are permanently residing in that island, and are not citizens of any foreign country, are hereby declared, and shall be deemed and held to be, citizens of the United States."

PHILIPPINES

"Jones Law", Act of August 29, 1916, supra:

"Sec. 5. That the statutory laws of the United States hereafter enacted shall not apply to the Philippine Islands, except when they specifically so provide, or it is so provided in this Act."

PUERTO RICO

"Jones Law", Act of March 2, 1917, supra:

"Sec. 9. That the statutory laws of the United States not locally inapplicable, except as hereinbefore or hereinafter otherwise provided, shall have the same force and effect in Porto Rico as in the United States, except the internal-revenue laws."

PHILIPPINES

Sections of the Revised Statutes and other laws of the United States which the Congress desires to have run to the Philippines are EXPRESSLY EXTENDED *by Act of Congress;* as, for example, Act of February 9, 1903, c. 529, 32 Stat. 806, specifically extending sections 1014 and 5278 and 5279 of the Revised Statutes to the Philippine Islands "so far as applicable"; and Act of Feb-

PUERTO RICO

TO THE EXACT CONTRARY.

Laws of the United States NOT *desired to run to Puerto Rico are* EXPRESSLY EXCEPTED *by the Congress from the effect of the general language of Section 9 of the Puertan Rican Organic Act, supra, and are expressly directed* NOT TO RUN TO PUERTO RICO; as for example, the second paragraph of Section 38 of the Organic Act

ruary 6, 1905, c. 454, 33 Stat. 698, "*An Act to Extend Certain Provisions of the Revised Statutes of the United States to the Philippine Islands*".	for Puerto Rico (39 Stat., at p. 964) directing that: "The Interstate Commerce Act and the several amendments * * * the safety-appliance Acts * * *, and the Act of Congress entitled, * * *, shall not apply to Puerto Rico'".

PHILIPPINES	PUERTO RICO
Separate coinage laws (the peso instead of the dollar); *separate tariff laws;* and *separate immigration laws* (with power in the Philippine Legislature, with the approval of the President individually, to amend the tariff laws and the immigration laws for those Islands); *a separate Philippine customs service,* with a separate insular Collector of Customs; *separate banking laws authorizing the Philippine Legislature to guarantee the income on the capital stock of a Philippine government bank* (the Agricultural Bank, now the Philippine National Bank); and *separate navigtion laws* (the Coastwise Shipping Laws of the United States not extended to the Philippines). (See the Acts of Congress collected in Appendix I, pp. 47-53 of our original brief.)	*No such separate provisions; nothing of that kind at all.* The United States currency is the currency of Puerto Rico, as it is of the mainland; the United States tariff laws, immigration laws, and coastwise shipping laws are in force in Puerto Rico; no separate government bank has ever been authorized for that Island.

PHILIPPINES	PUERTO RICO
Important Acts of Congress	*No such decisions at all.*

held not to run to the Philippine Islands, although containing language broadly directing that they run to all the territories and every place under the "control or jurisdiction" of the United States, or like expressions, where the Congress had not seen fit to insert words "specifically" mentioning the Philippine Islands:

1. "The Volstead Act", National Prohibition Act; 32 Ops. Atty. Gen. 258, 259.
2. The Narcotic Drugs Act; 34 Ops. Atty. Gen. 550, 551-553.
3. The National Industrial Recovery Act,— Ops. Atty. Gen.—(Advance Sheets, December 2, 1933).

(See as to above opinions of the Attorneys General, *our original brief*, pp. 26-29.)

PHILIPPINES	PUERTO RICO
Independence Act of March 24, 1934, c. 84, 48 Stat. 456, under which the new "Commonwealth Government" of the Philippines is being organized; contemplating complete political independence in about ten years.	*Nothing of the kind.*